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May 2003

Miami-Dade Housing Agency
Private Rental Housing Division
2153 Coral Way
Miami, Florida 33145

SECTION 8 HOMEOWNERSHIP PROGRAM

QUESTIONS AND ANSWERS



We're working for you
and our community.

SECTION 8 HOMEOWNERSHIP PROGRAM

QUESTIONS AND ANSWERS

1. How does the Section 8 Homeownership program work?

The Section 8 Homeownership Program is designed to provide you and your family with the ability to take advantage of homeownership opportunities. The program allows the use of the Housing Choice Voucher assistance payments to be applied towards mortgage payments instead of rental payments, thereby enabling you to purchase a home for approximately the same monthly rental payment, which you are now making.



2. What are my main responsibilities in order to participate in the program?

- Attend an interview with Miami-Dade Housing Agency's (MDHA) Section 8 and Homeownership staff.
- Attend and complete a homeownership counseling.
- Select a home.
- Provide 1% of the required 3% down payment from your own funds.
- Provide the documentation requested by the first mortgage lender and MDHA on a timely basis.
- Seek a first mortgage from a mortgage lender of your choice at a current interest rate. The term of the mortgage should be a minimum of 20 or 30 years. If you choose a mortgage with a 15 year term, then your assistance will end after 10 years.

- For families with a member with disabilities, there is no maximum term of homeownership assistance for disabled families, and the term of the mortgage may be up to 30 years.
- Notify MDHA in writing of any adverse financial changes which may affect your ability to make your mortgage payments.

3. What type of properties may be purchased?

- Single family detached homes
- Single family attached homes (twin homes)
- Townhouses
- Cooperative units *
- Condominiums
- Manufactured homes *

* Assistance is authorized for both a family that is purchasing a cooperative unit and a family who owned the cooperative unit prior to receiving Section 8 assistance.

* Manufactured homes must have a permanent foundation. Further, the family must have the right to occupy the site for at least 30 years.

4. Are there any restrictions as to the home to be purchased?

Yes, the home must either be existing or under construction (foundation must be in place) at the time that MDHA determines family eligibility. The home cannot be a source of income (you cannot rent out the property).

5. Is the Section 8 Homeownership Program a grant or a loan?

The program is not a grant. It is combination of up to three loans and a Section 8 subsidy.



MINIMUM ELIGIBILITY REQUIREMENTS

- You are currently a Section 8 voucher recipient and are in good standing with MDHA.
- Your family must have a minimum earned income of \$10,300 per year and have at least one adult family member who is currently employed full time, year round for a minimum of one year. (For disabled families the minimum income is the monthly Supplemental Security Income or SSI benefit multiplied by 12 months).
- Families in which the head of household or the spouse are elderly or disabled are exempt from the employment requirement, but must still comply with the minimum income requirement. (Disabled families are homes whose head of household or spouse is disabled).
- You are in compliance with the current lease and your unit has no tenant damages or tenant caused violations, which have not been corrected within the time provided by MDHA's Inspections Office.
- You and/or any member of your household do not have a history of late payments.
- You and/or any member of the household have not owned a home during the past three (3) years. A displaced homemaker or single parent who owned a home with a former spouse is exempt from this requirement.
- You and/or any member of your household cannot own any other home while receiving Section 8 Homeownership assistance.
- You and/or any member of your household do not have debt which would prevent you from obtaining a mortgage.
- Neither you nor any member of your household has defaulted on a mortgage obtained through MDHA.

6. Why so many loans?

The first mortgage lender will lend you money based on your credit, income, debts and the home. The amount the first mortgage lender is willing to lend you may not be sufficient to cover the cost of the home you want to purchase. Therefore, MDHA provides what is commonly referred to as "gap financing" or a second mortgage loan for the difference. You may still need several thousand dollars to pay for down payment and closing costs, so MDHA may assist you in obtaining a third mortgage to cover those costs. The program requires that 1% of the down payment must come from your own funds.

The subsidy is used to pay the first mortgage loan on a monthly basis. The second and third mortgage loans are deferred.

7. Who provides the loans and the Section 8 subsidy?

The first mortgage loan is provided by a mortgage lender such as a bank, savings and loan or mortgage company. The second and third loans may be provided by Miami-Dade County through MDHA. The voucher subsidy is provided by the federal government through MDHA.



8. What is the maximum purchase price for a home allowed under this program?

The maximum purchase price for a home is based on several factors, including a combination of the voucher assistance (subsidy), the second and third mortgages which have limitations based on the funding source being used by MDHA. MDHA staff must make the determination and provide you with a maximum purchase price before you begin your search for a home.

9. How much can I afford to pay monthly?

MDHA will calculate the amount for you. Your monthly housing payment, including principal, interest, taxes and insurance should be covered by the subsidy amount plus your portion of the mortgage.

10. What documents do I take to the first mortgage lender?

- Signed copies of your two most recent Federal Income Tax Returns
- Names, addresses, account numbers and balances for all loans, credit cards, checking and savings accounts
- Copies of all bank statements for the past three months
- Explanations of any derogatory credit
- Copy of recorded divorce decree and property settlement agreement
- Name(s) and address(es) of employer(s) for the past year
- Last two pay stubs from your employer
- If you are self-employed, a profit and loss statement as of the date of the application
- Proof of all sources of income which can be readily verified (i.e., Social Security Income, Supplemental Security Income, pension, retirement, child support, alimony, palimony and the Section 8 Housing Choice Voucher Assistance Payment)
- Any other information or documents as required to obtain credit and/or property approval
- Proof that at least 1% of the required 3% down payment is available from your own funds
- Original evidence of U.S. Citizenship or legal immigration status for borrower, co-borrower and dependents



11. Who does what?

1. You arrange to attend an initial meeting with MDHA's Section 8 Homeownership staff, in order to determine your program eligibility and monthly subsidy amount.
2. You complete a homeownership course sponsored by MDHA through an educational and counseling agency. MDHA will provide you with a listing of counseling agencies.
3. You will attend an interview with MDHA to determine the maximum purchase price of the property and the mortgage amounts
4. You select a first mortgage lender to pre-qualify. You inform the lender about the type of government subsidies involved in the purchase and the time expected to complete the process. You provide the lender with copies of documents requested.
5. You shop for a suitable home which meets your needs and is affordable. The affordability is based on the information which you will have obtained from MDHA and the lender.
6. You contact a realtor or a seller and make a written offer on a property by signing a purchase/sales agreement. If the seller accepts your offer, the seller will sign the agreement making it a legal and binding document. Prior to your signing the purchase/sales agreement, you must make sure that the terms and conditions are acceptable.
7. You apply for a first mortgage loan with the lender of your choice.



8. The first mortgage lender will process your loan application. When your loan is approved, the lender will send you a commitment letter for a first mortgage and forward a copy of the completed file to MDHA.
9. MDHA will review your loan application file for compliance with applicable guidelines and determine how much additional money you need for gap financing, down payment and closing costs. MDHA may provide one or two separate loans. One loan would be for gap financing, the other for down payment/closing costs. When your loan(s) are approved, MDHA will send you a commitment letter for a second and/or third mortgage.
10. The first mortgage lender will make arrangements for you to attend a mortgage loan closing at a title company or attorney's office and sign all required mortgage documents.

11. The first mortgage lender and MDHA will send the required documents, checks and closing instructions to the title company or attorney.

12. The title company or attorney prepares the closing documents and schedules a date and time for the mortgage loan closing. You attend the mortgage loan closing, sign all the documents and become a home owner.



12. What are my responsibilities after the mortgage loan closing takes place?

- Immediately after the mortgage loan closing

begin occupying the property as your primary residence, file for Homestead Exemption and continue living in the property as long as you own it.

- Make your monthly mortgage payments to MDHA on time.
- Begin budgeting and saving money on a regular basis, for anticipated and unanticipated expenses associated with owning your own home.
- Anticipated expenses may be water and sewer bills, costs for lawn maintenance or replacement of building components, such as the roof, plumbing, electrical wiring and painting.
- Unexpected expenses, such as increases in taxes, insurance, and/or emergency repairs (faulty air conditioning unit, refrigerator, stove or a roof leak, etc). Condominium associations may generate some additional costs of their own by increasing monthly maintenance fees or levying special assessments.



13. What is MDHA's role?

MDHA will assist you during the home buying process by providing the following:

- Technical assistance and guidance, an initial certification and yearly re-certifications to determine continued eligibility for the program and changes in subsidy amounts.
- Educational and counseling agencies to teach you about the home buying process, and the benefits and responsibilities of homeownership.

- Gap financing in the form of a second mortgage, at an annual rate of 0% to 6%. Payment will be deferred until the term of the first mortgage expires, at which time the second mortgage will automatically convert into a first mortgage lien.
- Partial down payment and/or closing cost assistance in the form of a third mortgage, at an annual rate of 0% to 6%. Payment will be deferred.
- Acting as a clearing house, by receiving your portion of the mortgage payment, adding the subsidy amount and sending the total payment to the first mortgage lender.
- Foreclosure prevention program.



FOR MORE INFORMATION ON THE SECTION 8 HOMEOWNERSHIP PROGRAM:

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